

Letter from the CEO, 2021

There's a lot of talk going around about how 2020 was a pretty terrible year. It's all over the news and you hear about it from your friends and family. Our industry has certainly been hit hard and we have many customers who are struggling. Many of us have had personal struggles of all kinds related to the year's events. With one year of being the CEO now under my belt, and this being my first annual letter, I don't think I could have imagined more unusual circumstances to be writing about.

It's easy to get caught up in all the bad going around, because there is plenty of it! But as we sit on the dawn of Clark Associates' 50th Anniversary in 2021, let me give you a couple of reasons why I think 2020 was a pretty terrific year, and why it makes me excited for 2021. It's certainly not an exhaustive list, but you'll get the idea.

We persevered. As an essential business, we quickly adapted our operations - whether it be Help Desk getting hundreds of employees set up to work from home within a single weekend, our frontline distribution center workers adapting to new safety standards, our procurement team creating a multimillion-dollar PPE and related operations category overnight, our delivery drivers and installers being sensitive to customers' needs when working on their sites, or our Restaurant Stores accelerating their contact-less customer pickup strategy by several years over the span of just a few weeks. We even onboarded one of the largest restaurant chains in the world amid the pandemic!

We innovated. Many initiatives managed to stay the course and launch. These included an install network, a vendor sample program, our e-commerce design partnership with Ricca Online, a 3D tabletop system, over 6,000 3D models added to our site, and 221 suppliers now working with us via EDI; all running on our new homegrown ERP system that launched this year.

We tried things. Not everything we tried worked, but the point is we tried lots of new things in 2020! Innovation and growth can't happen without failure. Certain product launches underwhelmed, certain internal processes missed the mark, certain marketing strategies failed.

We can't celebrate our successes without celebrating the guts it takes to try new things and take chances.

We invested. We invested time, money, and brainpower, and we didn't hold back with any of them. We opened 3 new Restaurant Stores in a single year, more than ever before in our history. Our new 550,000 square foot Bloomsburg distribution center began shipping its first orders. Our Georgia facility received its first million-dollar automated packaging robot. Our IT development staff grew by 45%. And we continue to have the nation's largest inventory of food service equipment and supplies, with over \$200 million of ready-to-ship inventory spread across our several million square feet of nation-wide distribution centers.

We had some fun. There was no shortage of team virtual happy hours, and we also continued the tradition of Halloween costume contests and spirit weeks in several departments. Even the office dogs that so many of us have missed got some visitation time via Google photo sharing albums.

We strived to be better. Our business service group made several enhancements to our benefits program ranging from student loan reimbursement, parental leave, bereavement leave, PTO, and the addition of Carebridge employee assistance. We also launched diversity and inclusion teams, which include nearly 100 employees to help champion areas where we can improve as a company.

We gave back. This past spring, we handed out \$100,000 in restaurant gift cards that we purchased from our loyal customers who needed the support. We also hosted a virtual edition of our annual Derby Day fundraiser, raising \$1 million that was distributed to area charities. And nearly 300 employees contributed in Lancaster's Extraordinary Give day where we handily topped the list as the #1 business fundraiser.

We grew. Pick your growth metric, we grew them all!

- *Sales:* The pandemic slowed us down, but we managed to achieve year over year sales growth in 2020, including nearly \$200m in organic sales growth, making it another year of record-breaking revenue.
- *Employees:* Our total employee base grew by over 900 to 4,100 total employees in 2020. Several hundred promotions from within the company occurred as well, including 10

Vice President and 22 Director level promotions. Internal advancement continues to be the lifeblood of our management team and our appetite for hiring great people has never been greater!

- *Education:* Adapting to the conditions, we still completed DiSC training for nearly 3,000 employees. We also hosted 80 summer interns and 35 employees earned their Certified Food Service Professional (CFSP) designation.
- *Items:* We added a record high of nearly 47,000 new items, including several hundred new suppliers.
- *Customers:* We had 132 million session interactions with our customers, including over 900,000 first-time orders.

So, was it a perfect year? Far from it. I don't think that's what we should ever strive for anyway. But I hope you'll agree with me that it was a pretty terrific year in many ways despite all the headwinds. We couldn't have asked for a more dramatic segue into our 50th Anniversary year that holds such exciting things for us!

THANK YOU to the employees, customers, and suppliers that not only got us through 2020, but allowed us to thrive. 2020 showed us that we can't always control the future exactly the way we want, but with the right culture, we can thrive under any conditions. Bring it on, 2021!

Sincerely,

L. Gene Clark
CEO, Clark Associates, Inc.